

JUDICIAL COUNCIL OF CALIFORNIA
ADMINISTRATIVE OFFICE OF THE COURTS
455 Golden Gate Avenue
San Francisco, California 94102-3688

Report Summary

TO: Members of the Judicial Council

FROM: Ronald G. Overholt, Chief Deputy Director
Christine M. Hansen, Director, Finance Division, 415-865-7951
Stephen H. Nash, Assistant Director, Finance Division
Gisele Corrie, Supervising Budget Analyst

DATE: August 27, 2004

SUBJECT: Judiciary Budget Request (to include the Supreme Court, the California Judicial Center Library, the Courts of Appeal, and the Judicial Council/Administrative Office of the Courts): Fiscal Year 2005–2006
(Action Required)

Issue Statement

The Judicial Council has statutory authority to approve the judiciary's budget requests for the Supreme Court, the California Judicial Center Library, the Courts of Appeal, and the Judicial Council/Administrative Office of the Courts (AOC).

Recommendation

The Executive and Planning Committee and the AOC recommend that the Judicial Council:

1. Approve fiscal year (FY) 2005–2006 judiciary budget change proposals (BCPs) described within this report as follows, with FY 2004–2005 impact as noted:
 - FY 2005–2006 General Fund budget requests for \$3.261 million, including a placeholder BCP for rent increases, and providing notification to the state Department of Finance (DOF) of a possible late BCP to be submitted in the spring of 2005 to request additional appellate court justices, if deemed necessary;
 - Increased appropriation authority in FY 2004–2005 in the amount up to \$3.836 million and for an amount up to \$30.552 million in FY 2005–2006 to accept reimbursements from the Trial Court Trust Fund and the Trial Court Improvement Fund, per Government Code Section 68085(4), and the State Court Facilities Construction Fund for various trial court administrative and facility support service initiatives. It is also recommended that the Judicial Council approve adjustment of the Court Facilities Trust Fund appropriation

level once county contributions are established to fund operations and maintenance expenditures; and

- Increased appropriation authority of \$1.084 million in FY 2005–2006 from available Appellate Court Trust Fund revenues for support of the appellate courts.
2. Approve revision of the FY 2005–2006 Capital Outlay BCPs as submitted with the judiciary’s Five-Year Plan to address a 5.5 percent increase from the published FY 2003–2004 California Construction Index Cost of 4100 to 4328.
 3. Approve the development of possible funding proposals to be submitted in the fall 2004 as a result of the impact of recently enacted legislation on judicial branch resources.
 4. Delegate authority to the Administrative Director of the Courts to make technical changes to this budget as necessary.

Rationale for Recommendation

The state’s current fiscal situation first began to affect the courts in FY 2001–2002. Since that time, the judiciary has voluntarily deferred numerous spending proposals and has been denied funding for various mandatory operating cost increases such as rent, postage, and subscriptions, while striving to protect areas of significant investment, such as key programs and infrastructure initiatives.

The Budget Act of 2004 includes funding for only three of the budget proposals submitted by the Judiciary for 2004–2005; a General Fund augmentation for court security due to California Highway Patrol (CHP) contract cost increases; an augmentation from the Court Interpreter Fund for the Court Interpreters Program; and augmentations from the State Court Facilities Construction Fund and the Court Facilities Trust Fund for the second year phase of implementation for the Trial Court Facilities Act of 2002. The Budget Act also includes an unallocated General Fund reduction of \$8.5 million, of which \$3 million is ongoing.

In light of the state’s continued fiscal difficulties, on February 27, 2004, the Judicial Council approved the following budget priority recommendations for FY 2005–2006:

- Trial Court Facilities Legislation – Infrastructure;
- Staffing Standards (to the extent that additional resources are justified);
- Unfunded, Mandatory Cost Increases (including facility rent increases and security and judicial protection);
- Unfunded, Administrative Infrastructure Costs (e.g., fiscal services, comprehensive legal services, human resources, and technology); and
- Capital Outlay

- Trial Court Facilities Legislation – Infrastructure
- Training and Judicial Administrative Programs

In May 2004, the AOC sent out an informal solicitation of budget concept proposals for FY 2005–2006 based upon the priorities approved by the Judicial Council. In June 2004, the AOC Executive Team met with the AOC division directors and the appellate courts' representative to review and discuss the budget concepts that had been submitted. Recommendation for BCP development was generally limited to resubmission of unfunded, prior year proposals and workload increases due to the implementation of new legislation and/or unfunded administrative infrastructure costs. In July, AOC Office of Budget Management met with staff to complete fiscal documents and obtain BCP workload justification. In August, BCP narratives will be submitted and finalized for submission to the DOF on or before September 13, 2004.

It is important to note that there is also a current year impact of the BCPs submitted for Trial Court Administrative Support Services. In FY 2003–2004, Government Code Section 68085(4) was established to provide the Judicial Council authority to authorize reimbursement from the Trial Court Trust Fund or the Trial Court Improvement Fund to the AOC for the purpose of supporting statewide administrative services for the trial courts. The AOC has been working on several delivery systems and services to support the courts as they transition away from county provided services. In FY 2003–2004, the AOC received a minimal amount of reimbursement authority from the courts for the support of the Court Accounting and Reporting System (CARS). The BCP that will be submitted would increase the AOC's General Fund reimbursements to support CARS, as well as several other trial court support initiatives such as a statewide human resources information system and the California Case Management System (CCMS).

Alternative Actions Considered

In developing the recommendations, the following alternative was considered:

Given the state's continued fiscal difficulties, only submit BCPs to the DOF that are similar to ones approved or considered for approval during last year's budget process. This would include increased costs for court security and judicial protection; and Phase III of the implementation of SB 1732. Staff does not recommend this alternative because all of the costs included in this report are mandatory increases that the judiciary is currently absorbing or will need to absorb in the near future.

Comments from Interested Parties

Not applicable.

Implementation Requirements and Costs

The total recommendations for the judiciary budget in FY 2005–2006 are as follows: a request for \$3.261 million from the General Fund (excluding the proposal to be developed for rent increases), an increase in appropriation authority for reimbursements

from the Trial Court Trust Fund and the Trial Court Improvement Fund, per Government Code Section 68085(4), and the State Court Facilities Construction Fund for various trial court administrative and facility support service initiatives, and \$1.084 million for appropriation authority to expend existing revenues from the Appellate Court Trust Fund. The costs associated with revisions to the Capital Outlay BCPs included in the FY 2005–2006 Five-Year Plan are being developed. Upon approval by the Judicial Council, BCPs will be finalized and submitted to the DOF on or before September 13, 2004. Staff will also provide an update to the Executive and Planning Committee of the finalized BCPs submitted to DOF.

The proposed budget requests also include a FY 2004–2005 component for reimbursement authority for support of trial court administrative services in the amount of \$3.836 million.

Lastly, budget requests may be developed in the spring of 2005 for new appellate court justices, if deemed necessary; and also for increased resources to implement new legislation impacting the judiciary.

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Recommendation

The Executive and Planning Committee and the AOC recommend that the Judicial Council:

1. Approve fiscal year (FY) 2005–2006 judiciary budget change proposals (BCPs) described within this report as follows, with FY 2004–2005 impact as noted:
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 - Increased appropriation authority in FY 2004–2005 in the amount up to \$3.836 million and for an amount up to \$30.552 million in FY 2005–2006 to accept reimbursements from the Trial Court Trust Fund and the Trial Court Improvement Fund, per Government Code Section 68085(4), and the State Court Facilities Construction Fund for various trial court administrative and facility support service initiatives. It is also recommended that the Judicial Council approve adjustment of the Court Facilities Trust Fund appropriation

level once county contributions are established to fund operations and maintenance expenditures; and

- Increased appropriation authority of \$1.084 million in FY 2005–2006 from available Appellate Court Trust Fund revenues for support of the appellate courts.
2. Approve revision of the FY 2005–2006 Capital Outlay BCPs as submitted with the judiciary’s Five-Year Plan to address a 5.5 percent increase from the published FY 2003–2004 California Construction Cost Index of 4100 to 4328.
 3. Approve the development of possible funding proposals to be submitted in the fall 2004 as a result of the impact of recently enacted legislation on judicial branch resources.
 4. Delegate authority to the Administrative Director of the Courts to make technical changes to this budget as necessary.

1. State Operations Budget Requests

Descriptions of the judiciary’s State Operations budget requests for which recommendations are being made for Judicial Council consideration are presented on the following pages. They are separated into three distinct categories:

- General Fund proposals for critical and mandatory cost increases;
- Proposals for appropriation authority increases for reimbursements from the Trial Court Trust Fund, the Trial Court Improvement Fund, and from the State Court Facilities Construction Fund to address administrative and facility support services, to include a current year impact.
- Appellate Court Trust Fund requests, which include increases in appropriation authority from existing revenues in the Appellate Court Trust Fund;

GENERAL FUND:

\$3.261 million (\$228,000 one-time)

The following General Fund requests are being submitted on behalf of the judiciary for support of critical and/or mandatory costs to benefit the administration of justice. Many of the proposals are resubmittals from prior years, denied due to the economic conditions of the State. Lack of funding may result in the redirection of resources from other important judiciary programs.

New Appellate Court Justice – 4th District, Division Two, Court of Appeal (Riverside) - \$1.044 million, including \$134,000 in one-time costs – Funding is requested for the establishment of a new appellate court justice and chamber staff (three attorneys and one judicial assistant), subject to the passage of authorizing legislation. Current statistics based on population growth, the backlog of cases, and the number of cases becoming fully briefed justify the need for a new justice. Additionally, changes in criminal and

civil law (including three-strikes issues and complex civil litigation issues) have resulted in an increase in the complexity of the courts' caseload.

Research is currently being conducted to determine if additional judicial resources may be required in other districts as well based upon caseload growth, backlog, population growth, caseload complexity, etc. This may result in the need for the development of a BCP in the spring.

Increased Costs for Court Security and Judicial Protection - \$413,000. Funding is requested to pay for increased contract costs for security. Currently, the California Highway Patrol (CHP) provides armed security while Guardsmark provides ancillary security services such as video monitoring, door security, etc. Security services provided to the AOC and the appellate courts have increased and will continue to increase in the future. The increase in services is the result of several factors including the events of September 11th and an increase in judiciary personnel. This request would not fund additional security personnel, but simply reflects the increased costs associated with the individual contracts. No additional facilities or capital outlay will be required.

Supreme Court - \$3,000

Courts of Appeal – \$47,000

Judicial Council/AOC - \$363,000

Civil Case Coordination - \$300,000. Funding in the amount of \$300,000 is requested to adequately reimburse the trial courts for the reasonable expenses associated with the coordination of complex civil cases, pursuant to California Code of Civil Procedure Section 404.8. The increase in coordinated civil cases statewide has resulted in the need for additional funding to cover the necessary expenses for these cases, including personnel, equipment, and in some cases facilities. Examples of recent complex cases that have been coordinated in one court include the same-sex marriage cases and a clergy case.

Data Auditing For Court Research - \$268,000, including \$17,000 in one time costs. Funds are requested to staff ongoing audits of basic data that the trial courts report to the AOC. Judicial Council policy is often guided by data submitted to the AOC by the trial courts. The data upon which policy decisions are based include financial as well as operational data. Unfortunately, it is widely known that the data the trial courts report to the AOC are incomplete and often inaccurate. Without accurate data, policy will necessarily be driven by anecdote and speculation rather than real information on the operation of the courts. This data includes but is not limited to the following:

- Filings and dispositions
- Workload indicators (such as hearings per case, jury trials, and type of dispositions)
- Expenditure data reported in the quarterly financial statements

- The relationship between workload indicators and financial data.

Fiscal Accountability - Audits - \$289,000, including \$17,000 in one-time costs. Requested funds would cover increased audit resources to allow for financial, operational, and compliance audits to be conducted of the trial courts within an appropriate timeline on a regular cycle. Increased resources will allow for directed scope reviews of high-risk processes and events that are identified through audit assessments, senior court personnel, and external audit agencies.

Labor and Employee Relations Staff - \$390,000, including \$26,000 in one-time costs. This is a resubmission of a FY 2003–2004 and FY 2004–2005 proposal. Funding is requested to support additional staffing resources for the AOC Human Resources Division to provide professional and technical expertise to the trial courts in the areas of labor and employee relations. Under the implementation of the Trial Court Employment Protection and Governance Act, counties are no longer mandated to provide labor and employee relations services to the courts. This has had a significant impact in that many of the courts do not have professional labor and employee relations staff to handle these activities and request such assistance from the AOC. Another area where support is needed is the continuing communications with the regionally organized Court Interpreters Pro Tempore regarding employment issues pursuant to the requirements of the Trial Court Interpreter Employment and Labor Relations Act. Additionally, the HR staff provides general support to the courts in the areas of contract administration, complaint investigation, mediation and training. The requested positions will assist the courts in replacing such services previously provided by the counties.

AOC/Appellate Court User and Technical Support - \$557,000, including \$34,000 in one-time costs - This is a resubmission of a FY 2003-2004 and FY 2004-05 BCP. Funding is requested for the resources to provide adequate technology support to the AOC, appellate courts, and the regional offices. Significant growth of the AOC and appellate courts, coupled with an increased scope of service, has yielded a level of demand that overwhelms existing resources. In addition, the AOC has opened three regional offices throughout the state necessitating technology support in multiple local offices without an increase in staffing. To fill the gap and meet the increased service levels required—especially when call loads and upgrade activity is higher—contractors must be utilized. This reactive approach to problem solving is not efficient or cost-effective, and has forced reallocation of funds away from the asset management program, which will be going into its 2nd year without upgrades. It also takes funding away from supporting the maintenance of software licenses and any projects dealing with security and disaster recovery. This proposal would support additional staffing needed to address deficiencies due to growth and to provide support for remote access, network and data security and disaster recovery. Without the additional resources, the ability to support basic services such as e-mail and PC support for the AOC, including the new remote offices and the appellate courts will be severely impaired. A request for staffing will be submitted in FY 2006–2007, which will allow the AOC Information Services Division to fulfill its Operations/Security function.

Facilities Rent Expenses - This is a placeholder request to cover the cost of unfunded rent increases for FY 2005–2006. The DOF has provided preliminary indications that rent increases for FY 2004–2005 will be funded for state owned buildings. The level of funding to be provided has not been determined at this time, so it is not known if this will cover the entire rent increases realized since FY 2000–2001 (the last time rent increases were funded.) Rent increases for privately owned buildings, which have not been funded since FY 2000–2001, will also be incorporated, as needed, into our final request.

Recommendation (Action Required)

Staff recommends that the Judicial Council approve the recommended FY 2005–2006 General Fund budget requests for the judiciary for \$3.261 million, including a placeholder budget change proposal for rent increases.

AOC staff also recommends that the Judicial Council approve providing notification to the DOF of a possible late BCP to be submitted in the spring of 2005 to request additional appellate court justices, if deemed necessary as a result of caseload growth, backlog, population growth, complexity of cases, etc.

TRIAL COURT ADMINISTRATIVE AND FACILITIES SUPPORT:

FY 2004–2005 – an amount up to \$3.836 million

FY 2005–2006 – an amount up to \$30.552 million (\$4.616 million one-time)

TRIAL COURT TRUST FUND and TRIAL COURT IMPROVEMENT FUND – REIMBURSEMENT AUTHORITY:

Trial Court Administrative Support Services

FY 2004–2005 – an amount up to \$3.836 million

FY 2005–2006 – an amount up to \$13.151 million (\$448,000 one-time)

Appropriation authority to accept reimbursements from the Trial Court Trust Fund and the Trial Court Improvement Fund is requested in FY 2004–2005 and FY 2005–2006 for support of the following administrative services on behalf of the trial courts:

The Lockyer-Isenberg Trial Court Funding Act of 1997, AB 233 (Chapter 850, Statutes of 1997) consolidated all trial court funding and entrusted the financial management of trial courts to the judiciary as an independent branch of government. Prior to the passage of this legislation, trial courts received the majority of their funding and all business services and information technology systems through their counties. The cessation of these services by the counties has coincided with dramatically increased needs of the trial courts as a result of AB 233 and other legislative mandates. The trial courts look to the AOC to develop statewide administrative service delivery systems to support the courts as they move away from county provided services.

The Judicial Council has previously directed staff to develop and to implement strategies for statewide administrative infrastructure initiatives in the areas of finance, information technology, human resources, and legal services in the trial courts. The council has also

denied trial courts new funding in some areas, such as in legal assistance, where they would duplicate services that are to be provided on a statewide basis. At its April 2002 meeting, the Judicial Council provided direction to AOC staff to develop a comprehensive administrative infrastructure for the trial courts and to take steps not to duplicate resources so that resources could be redirected to other needed areas. In February 2003, the Judicial Council reaffirmed its previous direction to the AOC to develop and implement the necessary administrative infrastructure to support the operations of the trial courts to provide efficient, cost-effective, and reliable statewide administrative services (to avoid duplication of services, etc.).

Pursuant to the council's direction, and to assist the trial courts in the transition from county to state responsibility and to promote fiscal management and accountability, the AOC launched several statewide administrative service initiatives. Given current state fiscal difficulties, however, the AOC has only been partially successful in obtaining additional General Fund resources through the BCP process for these efforts. Initial funding from the General Fund in fiscal years 2000-2001 and 2001-2002 was appropriated to address some of the initial needs resulting from enacted legislation. In FY 2003-2004, initial reimbursement authority from the trial courts was approved for the Court Reporting and Accounting System (CARS). The authority for the AOC to request reimbursement of expenditures from the Trial Court Trust Fund or the Trial Court Improvement Fund was established in FY 2003-2004 via Government Code Section 68085(4). This government code allows the Judicial Council to authorize the direct payment or reimbursement of administrative infrastructure development costs for the trial courts from the Trial Court Trust Fund or the Trial Court Improvement Fund.

This request is seeking increased reimbursement authority from the Trial Court Improvement Fund and the Trial Court Trust Fund in FY 2004-2005 and FY 2005-2006 (ongoing) to enable the AOC to fulfill its responsibilities in accordance with the long-term fiscal responsibility and accountability plan that was designed to meet the requirements of AB 233. To fulfill part of this funding need, the AOC has begun seeking reimbursements from trial courts through Memorandums of Understanding for areas such as implementation of LAN/WAN and ongoing support costs for CARS. These agreements are negotiated with each court based on what level of service the court will receive, their ability to pay, and what they have been paying their previous provider (e.g. the county) for the service. As other services are provided to the trial courts, including the implementation of case management systems, AOC will be expanding the Memorandums of Understanding to increase charges to the courts utilizing similar criteria.

To address these issues, a BCP for Trial Court Administrative Support Services is proposed to include the following components:

- Implementation of the statewide Court Accounting and Reporting System (CARS);

- Design, development, and implementation of a statewide Court Human Resources Information System (CHRIS);
- Staffing to provide oversight for the development, implementation, and support of a statewide California Case Management System (CCMS); and
- Staffing to provide oversight and transition coordination for the centralized Technology Center. In addition to meeting the conditions of AB 233, these are necessary services to address the lack of adequate administrative services infrastructure support for the trial courts.
- Staffing to provide legal and audit services, and technical assistance to enhance collection efforts.
- *Court Accounting and Reporting System (CARS) – FY 2004–2005 \$1.453 million and FY 2005–2006 \$4.577 million, including \$162,000 in one-time costs for the implementation and support of standardized fiscal processes for all trial courts.* This reimbursement authority will support the implementation of a statewide, centralized treasury function and financial system serving the trial courts. Recognizing that the trial courts differ in terms of their level of preparedness, AOC Finance Division staff developed a three-stage approach for implementation of the financial system. The first stage involves an evaluation of each trial court's financial condition and validation of basic financial reporting; the second stage concentrates on the preparation and validation of base data for the implementation of CARS and to prepare the courts to adopt the CARS fiscal processes; and the third stage is the rollout of the financial system. As the CARS rollout continues, the Trial Court Accounting Processing Center (APC) will perform the accounting support, transaction processing, and other selected fiscal functions for those trial courts utilizing CARS.

The passage of AB 223 (Chapter 812, Statutes of 2001) provided the Judicial Council with explicit authority to establish procedures for handling trial court monies separate from the county treasury. As courts come “on-line” with the statewide trial court financial system, the AOC will provide centralized investment and cash management services to the trial courts. This strategy will maximize earnings and preserve capital enabling trial courts to meet operating requirements. Since additional positions will be required as the cash management and accounting support responsibilities increase, subsequent augmentations will be submitted in FY 2006–2007 through FY 2008–2009.

- *Court Human Resources Information (CHRIS) - FY 2005–2006 \$1.429 million, including \$93,000 in one-time costs – for the design, development, and implementation of a statewide trial court CHRIS.* This reimbursement authority will provide for the design, development, and implementation of a statewide trial court human resources information system. Staff will analyze needs assessment data, prioritize and select core human resources (HR) modules, develop system

requirements, determine software applications, prepare Request for Proposal (RFP) documents, and develop policies and procedures. This will allow the AOC to match trial court needs to system application, define system and user requirements, and ensure the selection of a qualified application vendor to meet the unique HR needs of the trial courts. The system will be rolled out to the trial courts, as they transition from HR county-provided services and fulfill the new requirements of the Trial Court Employment and Protection and Governance Act, SB 2140 (Chapter 1010, Statutes of 2000). It will also allow for future inclusion of HR modules beyond the core modules, as requirements are developed. Since additional positions will be required as trial courts utilize this service, subsequent augmentations will be submitted in FY 2006–2007 to address additional staffing needs.

- *California Case Management System (CCMS) – FY 2004–2005 \$579,000 and FY 2005–2006 \$3.675 million, including \$161,000 in one-time costs.* In the Judicial Council meeting of February 2003, the council affirmed its support of the continued development and implementation of a CCMS as the statewide case management system intended for use by all courts. Reimbursement authority will provide funding for project management oversight of the development, implementation, and deployment of a common statewide CCMS. The staff will work with external consultants and trial courts to manage the project, design, develop and implement the system, define court transition/deployment requirements, and develop implementation plans to facilitate a smooth transition. Staff will also begin to learn the application in order to eventually assume application support and maintenance of the system. This proposal is focused on the collaborative case management system effort, led by six trial courts, for the incremental development and release a common statewide system which will both functionally and technically meet the needs of the courts. The statewide case management solution will provide standardized information integration, facilitation of consistent business practices, and allow rapid exchange of data for the trial courts. Since additional positions will be required as trial courts utilize this service, subsequent augmentations will be submitted in FY 2006–2007 through FY 2008–2009 to address additional staffing needs.
- *Technology Center Implementation and Support - FY 2004–2005 \$662,000 and FY 2005–2006 \$1.274 million, including \$17,000 in one-time costs.* Reimbursement authority is requested to provide staff for technology centers to leverage existing state assets for the trial courts, minimize expenses, use shareable resources, and minimize risk transitioning from county to state operating environments. AOC Information Services staff is required to manage the Technology Center service providers, hardware and software vendors, as well as work with the various trial courts as they migrate into the Technology Center. Initially, the Technology Center will support the case management, financial, Internet sites and hardware/ software for desktop applications including e-mail. Human resources and payroll systems will be added in the future. The requested

staffing support will ensure service level agreements are met or exceeded, and infrastructure, information and application standards are created and met. The scope of service includes planning, transition, application support and maintenance, web and telecommunication support, production control, network support, Helpdesk, security administration and desktop support for the trial courts.

- *Trial Court Audit Services – FY 2005–2006 \$144,000, including \$8,000 in one-time costs.* This request is for reimbursement authority to provide specialized audit services requested by trial courts on an as needed basis. Staffing resources will be used at court request to address critical risk areas or problems as identified by court personnel. Services provided will be in addition to the planned court audit cycle.
- *Legal Services - FY 2004–2005 \$898,000 and FY 2005–2006 \$1.615 million.* Reimbursement authority is requested to provide internal resources for attorneys and support staff for the Trial Court Transactional Assistance Program (TCTAP). The Judicial Council approved funding from the Trial Court Improvement Fund for FY 2004-2005 on a continuing basis for hiring outside counsel to provide legal advice to the trial courts under the supervision of OGC staff attorneys. As an alternative to costly outside counsel, OGC recommends the redirection of funding to hire OGC attorneys and support staff. Many benefits may be achieved by this alternative to outside contracting, such as reducing costs, increasing efficiencies, the retention of specialized expertise in-house, opportunities for proactive representation to avoid potential legal problems, and the ability to offer statewide, consistent legal advice tempered with knowledge of the policy and procedures of all 58 trial courts. This will improve and streamline legal services for the entire judicial branch.
- *Enhanced Collections – FY 2004-2005 \$244,000 and FY 2005-2006 \$437,000.* Reimbursement authority is requested for staffing resources to provide technical assistance to courts and counties statewide in order to enhance their fees/fines collection programs. Courts and counties are required to report quarterly on their collection efforts. This information will be compiled and presented to the Judicial Council and the Legislature annually.

STATE COURT FACILITIES CONSTRUCTION FUND:

\$17.401 million (\$4.168 million one-time)

The following is a budget request for trial court facility support services to increase expenditure authority from the State Court Facilities Construction Fund for the third phase of the implementation of the Trial Court Facilities Act of 2002. Appropriation authority from the Court Facilities Trust Fund for support of operations and maintenance positions for court facilities will be adjusted on an as needed basis as the level of revenues from county contributions are established.

SB 1732 - Trial Court Facilities Act of 2002-Phase III. As recommended by the Task Force on Trial Court Facilities, the Trial Court Facilities Act of 2002, Senate Bill 1732 (SB 1732), Chapter 1082, Statutes of 2002 was enacted for the purpose of transferring the responsibility for trial court facilities to the state from the counties over a period of three years beginning July 1, 2004 through June 30, 2007. SB 1732 further provided for new revenue streams to assist in the support of the transition. In FY 2003–2004 and FY 2004—2005, Finance Letters were approved to implement the first and second years of organizational development for the program. In FY 2005–2006, the third year phase of the five-year organizational plan, increased appropriation authority is proposed to provide the critical staffing necessary to continue the development of an effective trial court facilities transition, planning, implementation, and management program. Also requested is authority to support special repairs for transferring facilities and additional resources to support the Computer Aided Facility Management (CAFM) software implementation. Development of this program is a high priority, long-term need of both the judiciary and the state.

- *The Office of Court Construction and Management (OCCM) - \$11.995 million, including \$1.315million in one time costs.* This request will add additional staffing resources in FY 2005-2006 for the facilities program. The proposed appropriation authority will enable OCCM to fulfill its responsibilities to manage and construct court facilities for the Judicial branch, as well as to provide for limited term continuation of consultants to handle real property negotiations for responsibility and/or title transfer for individual facilities from the county to the state ownership; review legal transfer documents and state-county operating agreements; prepare and assign staff for assuming operations and maintenance responsibilities of court facilities transferred to the State; support seismic evaluation findings in any disputes and appeals; and provide for the continued development and roll-out of a centralized facility database and computer based project management system to track and manage court facilities, assets, and capital improvements. The request would include funding for contract professional architectural and engineering services to complete design and construction documents for special repairs and new construction for a portion of those facilities that may transfer to the Judicial Council beginning July 1, 2005, and would allow for the timely repairs to those facilities that transfer to the state, reducing liabilities to the state posed by aging facilities.
- *Administrative Support Services - \$5.406 million, including \$2.853 million in one-time costs.* Appropriation authority is requested to provide additional administrative support in the areas of information technology services, finance, and human resources. The additional resources will provide additional funding for implementation and development of the CAFM software, information technology support, audit assistance, contract and procurement support, budget management, and recruitment.

Recommendation (Action Required)

Staff recommends that the Judicial Council approve the FY 2004–2005 and FY 2005–2006 budget requests to increase appropriation authority for reimbursements from the Trial Court Trust Fund and the Trial Court Improvement Fund, per Government Code Section 68085(4), and the State Court Facilities Construction Fund in the amount of \$3.836 million in FY 2004–2005 and \$30.552 million in FY 2005–2006 for the following trial court administrative and facility support services:

- For the implementation and support of the Court Accounting and Reporting System (CARS), a standardized fiscal system for all trial courts.
- For the design, development, and implementation of a statewide trial court human resources information system (CHRIS).
- For project management oversight of the development, implementation, and deployment of a common statewide California Case Management System (CCMS).
- To staff technology centers to leverage existing state assets for the trial courts, minimize expenses, use shareable resources, and minimize risk transitioning from county to state operating environments.
- To provide audit services to the trial courts to conduct specialized audits at their request.
- To provide legal services for the Trial Court Transactional Assistance Program.
- To provide technical assistance to courts and counties to enhance collection efforts.
- To support Phase III implementation of the Trial Court Facilities Act of 2002 (SB 1732). It is also recommended that the Judicial Council approve adjustment of the proposed Court Facilities Trust Fund appropriation level once county contributions are established to fund operations and maintenance expenditures.

APPELLATE COURT TRUST FUND:

\$1.084 million (\$262,000 one-time)

The Appellate Court Trust Fund was established to provide an alternate funding source for the appellate courts. Current revenues in the fund exceed initial budgeted projections. The following requests to increase the appropriation authority within the fund will utilize the available resources and are being submitted on behalf of the appellate courts for support of critical and/or mandatory costs. Many of the proposals represent resubmittals of prior year General Fund requests that were denied due to the difficult state fiscal situation.

Supreme Court - Capital Central Staff - \$401,000 Appellate Court Trust Fund, including \$29,000 in one-time costs. This is a resubmission of a FY 2004–2005 BCP. The Supreme Court is constitutionally obligated to directly review all cases in which the death

penalty has been imposed. An increase in staff is requested to accommodate increased death penalty workload. The positions requested in FY 2005-2006 will focus on capital case habeas corpus matters and ultimately provide assistance in handling direct appeals.

The increased staffing of the Habeas Corpus Resource Center and State Public Defenders Office, together with ongoing efforts by the Supreme Court to appoint counsel in a timely manner, have resulted in a considerable increase in the number of capital case records filed each year. The Supreme Court has also increased the number of capital cases scheduled for oral argument in order to reduce the backlog. In addition to habeas corpus petitions and direct appeals, between January 2002 and December 2003, 326 motions, applications and writs requiring calendar memoranda were filed. Each one of these matters requires the attention of the Capital Central Staff. Petitions for habeas corpus, which require additional time and expertise, have also significantly increased. Without the additional staff, the backlog of appeals and habeas corpus proceedings will grow, adversely impacting the Court's ability to fulfill its constitutional and statutory obligations.

Library Subscription and Book Costs - \$268,000 Appellate Court Trust Fund. This is a resubmission of a FY 2003–2004 and FY 2004–2005 BCP for the judiciary. This proposal would address increased costs of legal books and subscriptions for the California Judicial Center Library and the law libraries of the Courts of Appeal and the Habeas Corpus Resource Center (HCRC). The requested amount is based on price increase adjustments provided in DOF Budget Letter No. 03-29 dated August 25, 2003, which outlines increases per the state Department of General Services Price Book. It will be adjusted upon the availability of the 2005–2006 Price Letter, to be issued in August 2004.

Law libraries are comprised of primary and secondary legal resources, which are published as serials and supplemented frequently throughout the year to retain their accuracy and usefulness. Additional funding was provided to the California Judicial Center Library, the appellate courts' and HCRC's libraries in fiscal years 2000–2001 and 2001–2002. Increases allocated in these two fiscal years restored law library funding for collections to FY 1998–1999 levels. Subsequent cost increases, though, have eroded law library subscriptions budgets, and ultimately, impacted the operating budgets of appellate courts and HCRC. Failure to provide timely and accurate primary and secondary legal resources will seriously impair appellate courts' and HCRC's ability to render decisions supported by accurate and current research.

California Judicial Center Library - \$78,000

Courts of Appeal - \$190,000

Habeas Corpus Resource Center - \$4,000 *General Fund (for informational purposes only)*

Courts of Appeal, 3rd District - Mediation of Civil Appeals – \$415,000 Appellate Court Trust Fund, including \$233,000 in one-time costs. This request would provide

appropriation authority to establish a mediation center for the Third District Court of Appeal, effective January 1, 2006. This proposal was initially developed and submitted as a FY 2002–2003 BCP after the Third District convened a special committee to evaluate the propriety of establishing a settlement conference program. The Court looked at the success of other districts' settlement conference programs and concluded that a settlement conference program limited to certain civil appeals would reduce both the caseload of the Court and attorney costs for many litigants. The funding requested will also provide the necessary resources for facilities and for training of volunteer mediators.

Recommendation (Action Required)

Staff recommends that the Judicial Council approve the recommended FY 2005–2006 budget requests to increase appropriation authority from available Appellate Court Trust Fund revenues in the amount of \$1.084 million for support of the appellate courts.

2. Judicial Council/AOC - Capital Outlay BCPs (COBCPs)

Amend FY 2005-2006 COBCPs submitted with Judicial Council's Five-Year Plan. The DOF issued Budget Letter 04-19 on August 2, 2004 providing notification of an increase in the California Construction Cost Index (CCCI), which the State uses to estimate construction costs. The Budget Letter requests a review and update of FY 2005-2006 COBCPs as required for the estimated 5.5 percent increase in the CCCI.

Recommendation (Action Required)

AOC staff recommends that the Judicial Council approve revision of the FY 2005–2006 COBCPs as submitted with the Judiciary's Five-Year Plan to address a 5.5 percent increase from the published FY 2003–04 California Construction Cost Index of 4100 to 4328.

3. New Legislation

Recently enacted legislation that followed the passage of the Budget Act of 2004 maintains the potential to negatively impact judicial branch resources, and especially with regard to the 58 superior courts. Staff will be reviewing and evaluating the impact of the new legislation to determine the effect on current existing resources. This may result in the need for submission of fall funding proposals.

Recommendation (Action Required)

AOC staff recommends that the Judicial Council approve the development of possible funding proposals to be submitted in the fall 2004 as a result of the impact of recently enacted legislation on judicial branch resources.

Rationale for Recommendations

The state's current fiscal crisis began in FY 2001–2002. Since that time, the judiciary has voluntarily deferred numerous spending proposals and has been denied funding for various mandatory operating cost increases such as rent, postage, and subscriptions, while striving to protect areas of significant investment, such as key programs and infrastructure initiatives.

The Budget Act of 2004 includes funding for three of the budget proposals submitted by the Judiciary for FY 2004–2005: a General Fund augmentation for court security due to California Highway Patrol contract cost increases; an augmentation from the Court Interpreter Fund for the Court Interpreter Program; and augmentations from the State Court Facilities Construction Fund and the Court Facilities Trust Fund for the second year phase of the Trial Court Facilities Act of 2002. The Budget Act also includes an unallocated General Fund reduction of \$8.5 million, of which \$3 million is ongoing.

In light of the state’s continued fiscal difficulties, on February 27, 2004, the Judicial Council approved the following budget priority recommendations for FY 2005–2006:

- Trial Court Facilities Legislation – Infrastructure;
- Staffing Standards (to the extent that additional resources are justified);
- Unfunded, Mandatory Cost Increases (including facility rent increases and security and judicial protection);
- Unfunded, Administrative Infrastructure Costs (e.g., fiscal services, comprehensive legal services, human resources, and technology); and
- Capital Outlay
 - Trial Court Facilities Legislation – Infrastructure
 - Training and Judicial Administrative Programs

In May 2004, the AOC sent out an informal solicitation of budget concept proposals for FY 2005–2006 based upon the priorities approved by the Judicial Council. In June 2004, the AOC Executive Team met with the AOC division directors and the appellate courts’ representative to review and discuss the budget concepts that had been submitted. Recommendation for BCP development was generally limited to resubmission of unfunded prior year proposals and workload increases due to the implementation of new legislation and/or unfunded administrative infrastructure costs. In July, the AOC Office of Budget Management met with staff to complete fiscal documents and obtain BCP workload justification. The AOC Executive Team also met with the Clerk of the Supreme Court and the Administrative Presiding Justices of the Courts of Appeal to review BCP proposals and confirm requests to be submitted. In August, BCP narratives will be submitted and finalized for submission to the DOF on or before September 13, 2004.

It is important to note that there is also a current year impact presented in the BCPs as submitted for Trial Court Administrative Support Services. In FY 2003-2004, Government Code Section 68085(4) was established to provide the Judicial Council authority to authorize reimbursement from the Trial Court Trust Fund or the Trial Court Improvement Fund to the AOC for the purpose of supporting Trial Court statewide administrative services. The AOC has been working on several delivery systems and services to support the courts as they move away from county provided services. In FY

2003-2004, the AOC received a minimal amount of reimbursement authority from the courts for the support of the Court Accounting Processing System (CARS). This proposal would increase the AOC's current year reimbursement authority from the trial courts to support CARS, as well as several other trial court support initiatives in the AOC.

Alternative Actions Considered

In developing the recommendations, the following alternatives were considered. Given the state's continued fiscal difficulties, only submit to the DOF those BCPs that are similar to ones approved or considered for approval during last year's budget process. This would include increased costs for court security and judicial protection; and Phase III of the implementation of the Trial Court Facilities Act. Staff does not recommend this alternative because all of the costs included in this report are mandatory increases that the judiciary is currently absorbing or will need to absorb in the near future.

Comments from Interested Parties

Judicial branch budget reports are not subject to the invitation to public comment requirement.

Implementation Requirements and Costs

The total budget recommendations for the judiciary budget in FY 2005–2006 are as follows: a request for \$3.261 million from the General Fund (excluding the proposal to be developed for rent increases), an increase in appropriation authority for reimbursements from the Trial Court Trust Fund, the Trial Court Improvement Fund, and from the State Court Facilities Construction Fund in an amount up to \$30.552 million to provide trial court administrative and facility support services; and \$1.084 million for appropriation authority to expend existing revenues from the Appellate Court Trust Fund. The costs associated with revisions to the COBCPs included in the FY 2005–2006 Five-Year Plan are being developed. Upon approval by the Judicial Council, BCPs will be finalized and submitted to the DOF on or before September 13, 2004. Staff will also provide an update to the Executive and Planning Committee of the finalized BCPs submitted to DOF.

The proposed budget requests also include a FY 2004–2005 component for reimbursement authority for support of trial court administrative services in the amount of \$3.836 million.

Lastly, budget requests may be developed in the spring of 2005 for new appellate court justices, if deemed necessary; and also for increased resources to implement new legislation impacting the judiciary.